

# SUBCOMMITTEE 3

## FINAL ACTION REPORT

### Senate Budget and Fiscal Review

#### *Members*

Denise Moreno Ducheny, Chair  
Wesley Chesbro  
Dave Cox

#### *Consultants*

Anastasia Dodson  
Diane Van Maren  
Brian Annis  
Dave O'Toole

# SUBCOMMITTEE No. 3

## HEALTH, HUMAN SERVICES, LABOR, and VETERANS AFFAIRS

### **Health**

Emergency Medical Services Authority.....	3-1
Department of Health Services.....	3-1
California Medical Assistance Commission .....	3-8
Managed Risk Medical Insurance Board .....	3-8
Department of Developmental Services.....	3-9
Department of Mental Health.....	3-11

### **Human Services**

Office of Statewide Health Planning and Development .....	3-14
Department of Aging.....	3-14
Commission on Aging.....	3-14
Department of Alcohol and Drug Programs.....	3-14
Department of Community Services and Development.....	3-15
Department of Rehabilitation .....	3-15
State Independent Living Council.....	3-15
Department of Child Support Services.....	3-15
Department of Social Services .....	3-16

### **Labor**

Labor and Workforce Development Agency .....	3-21
Employment Development Department.....	3-21
Department of Industrial Relations .....	3-22

### **Veterans Affairs**

Department of Veterans Affairs and Veterans Homes of California .....	3-23
---	------

# HEALTH

## **4120 EMERGENCY MEDICAL SERVICES AUTHORITY**

- Increased by a total of \$18.3 million (General Fund) to purchase three mobile hospitals, one more than proposed by the Administration, in order to locate them in the same regions as the CA Medical Assistance Teams and to have better overall state coverage in the event of an emergency that requires this assistance. Also adopted Budget Bill Language to provide for the waiver of public contract code to expedite the purchase of these mobile hospitals.
- Provided \$10 million (General Fund) to be allocated to Trauma Care Centers on a competitive basis commencing December 2006. In the event the Tobacco Tax of 2006 Initiative passes, these funds would revert to the General Fund. This augmentation was vetoed by the Governor.
- Approved an increase of \$1.75 million (Reimbursements which are federal funds) to implement and administer three new disaster response teams for California which would be known as the CA Medical Assistance Teams (CalMAT). The CalMAT's are to be designed after the existing federal teams. Of the amount appropriated, \$1.3 million is for special caches, including medical supplies, pharmaceuticals, medical equipment and tents to be used by the CalMATs to provide for a variety of disaster situations.
- Approved as requested an increase of \$177,000 (Emergency Medical Services Personnel Fund) for three positions for the Paramedic Licensing and Enforcement Program to address issues regarding administration of the program.
- Rejected a \$1.5 million (General Fund) loan and reorganization proposal regarding the proposed transfer of licensing emergency medical personnel to the state. This is a significant policy change and policy legislation is proceeding on the issue.

## **4260 DEPARTMENT OF HEALTH SERVICES**

### **Public Health Programs**

- Augmented by \$195.2 million (\$161.2 million General Fund) to address several components in preparation of a pandemic influenza "surge" as proposed by the Administration. These components are shown below. (Please see Item 4120 for the mobile hospital purchases.)
  1. Approved \$5.224 million for a consultant and staff to develop state guidance and standards for hospitals during a pandemic influenza event. But rejected Budget Bill Language that would have provided the DHS with broad emergency regulation authority.
  2. Denied the \$14.5 million (General Fund) to fund staff positions in 420 hospitals (ongoing cost of \$29 million General Fund) to have them participate in local emergency planning

- efforts. Also denied trailer bill legislation to require hospitals to participate in local emergency planning efforts as a condition of licensure.
3. Approved \$424,000 (federal funds) and positions to have the DHS update hospital licensing regulations (Title 22 requirements) which are extremely out of date.
  4. Adopted an augmentation of \$53.3 million (General Fund) to purchase antiviral medication as proposed by the Administration. Also adopted Budget Bill Language to enable the DHS to waive public contract code requirements for this purchase.
  5. Provided \$33 million (total funds) to purchase 2,395 ventilators, or one-third of the amount requested by the Administration. This reflects a phased-in approach. Also adopted Budget Bill Language to allow for an expedited purchase.
  6. Increased by \$77.9 million (total funds) to purchase medical supplies for “alternative care sites” which reflects half the level requested by the Administration. This reflects a phased-in approach. Also adopted Budget Bill Language to allow for an expedited purchase.
  7. Provided \$25.25 million (total funds) for masks for health care workers, which reflects half the level requested by the Administration. This reflects a phased-in approach. Also adopted Budget Bill Language to allow for an expedited purchase.
- Augmented by a total of about \$30 million and 33 new DHS positions to conduct various activities related to public health preparedness, including readiness for pandemic influenza. These activities include the following:
    1. Increased by \$16 million (\$11.4 million General Fund and \$4.5 million federal funds) to provide additional funding to the 61 Local Health Jurisdictions as requested by the Administration. A minimum of \$125,000 will be provided to each jurisdiction, with the remaining amount being allocated based on population. In addition, approved three of the five requested DHS positions and \$1 million in contract funds. Also required the reporting of certain data.
    2. Provided \$1.5 million (General Fund) and one DHS position to manage and stockpile antivirals as requested by the Administration. These funds would purchase about 200,000 doses of antivirals at a cost of \$1.3 million.
    3. Approved \$4.2 million (General Fund) and 13 DHS positions to expand the capacity of the Richmond Laboratory to respond to bioterrorism and emerging diseases, and to create a pre-doctoral program to expand the number of clinicians (doctorate and post-doctorate level) at the local level, i.e., contract with the University of California system (one program at Berkeley and one at Los Angeles).
    4. Approved \$1.3 million (General Fund) and four DHS positions to expand and maintain state and local capacity to conduct communicable disease surveillance. Of this amount, \$700,000 would be used to contract with the UC system to obtain specialized services to conduct support, training, testing, customer service, interfacing, and quality control

activities for statewide surveillance operations and initiatives, such as the use of electronic laboratory reporting.

5. Approved \$350,000 (federal funds) as requested to train public health field staff on how to respond to emergencies.
  6. Provided \$465,000 (General Fund) and three positions, in lieu of five positions, for the DHS to prepare and respond to pandemic influenza. The positions are to be used in the Immunization Branch to, among other things: (1) review state and national pandemic influenza plans and develop standards for clinical activities, (2) develop standards of care for a clinical response to pandemic influenza, and (3) communicate and coordinate with local, state and federal agencies.
  7. Rejected \$14.3 million and five positions to develop an outreach and media campaign for pandemic influenza. The Administration had proposed using a sole source contract for this purpose.
  8. Deleted \$1.4 million and ten DHS positions to develop healthcare and community infection control program for hospitals since policy legislation is proceeding on this issue.
  9. Approved two DHS positions in lieu of five positions to address concerns regarding potential attacks on the environment by terrorists.
  10. Approved two DHS positions in lieu of six positions to address concerns regarding potential attacks on food by terrorists.
  11. Approved \$1.5 million (special funds) and five DHS positions to protect water from potential attacks by terrorists.
- Augmented by \$359,000 (federal funds) to address new federal activities related to pandemic influenza as required by the federal Centers for Disease Control (CDC).
  - Adopted trailer bill language to require the California Health and Human Services Agency to report to the Legislature by November 15, 2006 on the status of implementing pandemic influenza and related public health emergency preparation efforts.
  - Augmented by \$9 million (General Fund) to provide one-time funding to mitigate the spread of West Nile Virus. This augmentation was reduced to a total of \$3 million due to a Governor's veto of \$6 million.
  - Provided an increase of \$1 million (General Fund) for the continued development of Valley Fever vaccine and related mitigation efforts.
  - Increased by \$1 million (General Fund) the Indian Health Program to fund additional primary care health clinics. This augmentation was vetoed by the Governor.
  - Approved an increase of \$1 million (General Fund) and eight positions to implement AB 121 (Vargas), Statutes of 2005, regarding concerns with lead in candy.
  - Expanded the Newborn Screening Program to including screening for Cystic Fibrosis and Biotinidase and adopted placeholder trailer bill legislation for this action.

- Provided an increase of \$100,000 (General Fund) for San Francisco City/County to conduct water quality monitoring as required by AB 1876, Statutes of 2004.
- Shifted \$1 million (Proposition 99 Funds) from Asthma activities to provide \$500,000 to the Seasonal, Migratory Worker Clinics and \$500,000 to the Rural Health Clinics since the Asthma program was not spending all of its funding. The Asthma program will be funded at \$3 million, versus the Administration's proposed level of \$4 million (Proposition 99 Funds).
- Adopted trailer bill legislation as proposed by the Administration to exempt the payment of \$20.2 million (General Fund) to the County Medical Services Program (CMSP).
- Increased by \$35 million (WIC Manufacturer Rebate Fund) to enable the state to stretch federal food grant dollars to serve more participants and absorb food inflation costs.
- Fully funded the AIDS Drug Assistance Program (ADAP).
- Provided an increase of \$5.6 million (General Fund) for HIV/AIDS education and prevention efforts.
- Expanded dental prevention efforts in schools by providing an increase of \$2 million (General Fund) for fluoride varnish and dental sealants provided to low-income students. This augmentation was vetoed by the Governor. In addition, an increase of \$1.5 million (total funds) was provided in the Medi-Cal Program, as well as \$4.4 million (Proposition 98 General Fund) in the State Department of Education for this effort. These augmentations were sustained.
- Provided the DHS with three positions using special funds from rebates to expand the CARE Health Insurance Premium Payment (HIPP) Program to enable individuals to have their Medicare Part D premiums paid by the ADAP if it is cost-beneficial for the state.
- Fully funded the Genetically Handicapped Persons Program (GHPP) for caseload and related adjustments.
- Fully funded the Genetic Disease Program for caseload and related adjustments.
- Fully funded the CA Children's Services (CCS) Program for caseload and related adjustments.
- Fully funded the Child Health Disability Prevention (CHDP) Program for caseload and related adjustments.
- Reappropriated \$107.5 million (Proposition 50 funds) to provide for additional time as necessary to obligate funding for 2005-06 for such items as construction contracting and related activities for drinking water systems.
- Extended 15.5 positions at a cost of \$1.6 million (special fund) for the Proposition 50 Drinking Water Management Program for administration of the grants including engineering review, financial and accounting functions, and related activities.
- Extended 10.5 positions at a cost of \$1.1 million (special funds) for administration of the Small Drinking Water Program to provide technical assistance in numerous areas, including completing applications to obtain loan funding.

- Increased by \$1.1 million (special fund) to hire 11 new Sanitary Engineers to assist in ensuring that certain oversight activities are conducted for the Large Drinking Water Program. Trailer bill language to change the existing DHS inspection timeframes was rejected.
- Approved six DHS positions and a fee increase as proposed by the Administration to address concerns regarding medical waste management. Also approved trailer bill legislation.
- Approved \$495,000 (General Fund) and four DHS positions to implement SB 484 (Migden), Statutes of 2005.
- Approved seven DHS positions for an increase of \$815,000 (special funds) and trailer bill legislation to improve the Drug and Medical Device Manufacturer Program.
- Approved eight DHS positions to conduct inspections of X-ray machines and to evaluate applications for license approval to use radioactive material for industrial, academic, medical or research purposes.
- Denied the Administration's proposal to establish a continuing education program for environmental health specialists since it would have increased fees.

### **The Medi-Cal Program**

- Appropriated an additional \$78.1 million (\$39 million General Fund) to provide an increase to six plans identified by the DHS that required additional funding in the budget year to stabilize their "tangible net equity" level at 200 percent.
- Provided an additional \$18.6 million (\$9.3 million General Fund) for the DHS to allocate to managed care plans participating in the Medi-Cal Program that require additional financial assistance as specified in Budget Bill Language. This augmentation was vetoed by the Governor.
- Approved an increase of \$65.4 million (\$32.7 million General Fund) for Medi-Cal Managed Care to recognize the sunset of the 5 percent rate reduction as of December 31, 2006 as contained in AB 1762, Statutes of 2003. This adjustment becomes effective as of January 1, 2007.
- Increased the rates paid to Programs for All Inclusive Care (PACE) to the 90 percent of Medi-Cal Fee-For-Service levels.
- Modified the Administration's proposal to improve licensing and certification functions by (1) changing 23 positions to the higher classification of Registered Nurse; (2) making 23 limited-term positions permanent; (3) adopting trailer bill language to establish a special fund, to establish 2006-07 as a baseline year for new fee payments, and to provide for a three-year phase in of fee changes; (4) augmenting by \$10.4 million (General Fund) to reduce the fees proposed by the Administration in specified areas; (5) providing a total of 141 positions for increased inspections; and (6) shifting the payment of fingerprint clearances currently paid by certain workers to be paid for by providers in order to address federal audit exceptions.

- Adopted trailer bill legislation, in lieu of the Administration's more restrictive language, to implement the federal Deficit Reduction Act (DRA) of 2005 regarding proof of citizenship or national status as a condition of Medi-Cal eligibility. Adopted modified Budget Bill Language to provide for assistance to individuals in meeting verification rules and for county eligibility activities.
- Increased by \$786.6 million (total funds) to fund rate adjustments as required by AB 1629, Statutes of 2004.
- Increased by \$185.4 million (\$92.7 million General Fund) to increase the rates paid for long-term care facilities that are not defined in AB 1629, Statutes of 2004, including freestanding Level A nursing homes, Distinct-Part-Level B nursing homes, and adult subacute facilities that provide long-term care, including PACE.
- Provided an 8 percent rate increase, effective as of August 1, 2006, for non-emergency transportation services for an increase of \$4.8 million (\$2.5 million General Fund). This augmentation was vetoed by the Governor.
- Augmented by \$4.5 million (\$2.2 million General Fund) and adopted trailer bill legislation to make several changes in how durable medical equipment is reimbursed, including wheelchair equipment and oxygen services.
- Increased by \$19.7 million (\$8.5 million General Fund) to allocate funds to selected counties to partner with public and private community organizations for outreach, streamlined enrollment, and retention efforts associated with Medi-Cal and Healthy Families programs. Of the total amount, \$3 million would be used for smaller counties and the remaining amount would be allocated to twenty large counties based on a DHS supplied formula. Also adopted trailer bill language to implement this provision.
- Approved the proposal to increase by \$42.1 million (\$21.1 million General Fund) to reflect an increase in caseload of 27,600 enrollees due to the implementation of a simplified redetermination application.
- Denied the increase of \$3.4 million (\$1.4 million General Fund) to implement a new media campaign for the enrollment of Medi-Cal and Healthy Families Program individuals.
- Rejected the Administration's proposal to reduce funding provided to counties for Medi-Cal eligibility processing and adopted trailer bill language to reaffirm the importance to appropriately fund counties to perform these functions for the state.
- Added Budget Bill Language to provide \$600,000 (\$300,000 General Fund) for the DHS to conduct a study of pharmacy reimbursement rates due to changes as contained in the federal Deficit Reduction Act of 2005. This augmentation and Budget Bill Language was vetoed by the Governor.
- Rejected the Administration's proposal to recraft the Adult Day Health Centers Program through the budget process since policy legislation is moving. An increase of \$19 million (\$9.5 million General Fund) was provided to appropriately fund the program. In addition, a minor



technical correction was made to the moratorium on the certification of Adult Day Health Centers.

- Approved trailer bill language to adjust the Medi-Cal reimbursement rate paid for hearing aids. There is no General Fund effect due to these changes.
- Provided an increase of \$1.68 million (\$840,000 General Fund) to support 15 new positions to operate the Hospital Financing Waiver. Some of these positions were made two-year limited-term.
- Converted 20 limited-term positions in the Medi-Cal anti-fraud area to permanent status for an increase of \$2.3 million (\$842,000 General Fund).
- Adopted Budget Bill Language to provide appropriate funding to the counties for the effective administration of the Medi-Cal Program at the local level to ensure that counties can reasonably meet the purposes of the performance measures as contained in Section 14154 of the Welfare and Institutions Code.
- Adopted Budget Bill Language to provide for the transfer of funds as needed by the DOF to counties to provide assistance with complying with the *Conlan v. Shewry* court decision.
- Approved an increase of \$200,000 (\$100,000 General Fund) and trailer bill language that would enable a doctor of podiatric medicine, within their scope of practice, to provide treatment under the Medi-Cal Program for certain procedures without having to submit a treatment authorization request.
- Deleted 12 positions of the requested 17 positions to continue the implementation of Medi-Cal Managed Care into thirteen new counties for savings of \$430,000 (General Fund) since the Budget Act of 2005 had already provided the DHS with 27 new positions for this purpose.
- Approved three positions of the requested five positions to implement new coordinated care management projects for individuals enrolled in Fee-For-Service Medi-Cal and have mental health and/or substance abuse issues.
- Adopted increased expenditures of \$887,000 (\$443,500 Mental Health Services Act Fund) to contract for program management, consumer education, clinical consultation and administrative support to reduce pharmaceutical costs and improve prescribing patterns for anti-psychotics and access to quality mental health care services.
- Denied the Administration's proposal to establish two new pilot projects for Medi-Cal Managed Care—Access Plus, and Access Plus Community Plan Choices—since they require substantial policy changes. Savings of \$1.1 million (\$525,000 General Fund) were obtained from this denial.
- Rejected the Administration's proposal to develop a new long-term care community options assessment tool for savings of \$500,000 (General Fund) since policy legislation is moving on this issue and funding should be contained in the legislation.

- Reduced by \$7.5 million (General Fund) to reflect increased recoupments from “aged” drug rebates collected under the Medi-Cal Program. In addition, extended 11 DHS positions for one more year for these collection purposes.
- Adopted an increase of \$1.1 million (\$355,000 General Fund) to expand the Nursing Facility Waiver as required by SB 643 (Chesbro), Statutes of 2005.
- Approved 19 positions of the requested 26 positions to process applications in the Breast and Cervical Cancer Program and reduced local assistance by \$6 million (\$2 million General Fund) to reflect the processing of backlogged applications which will shift individuals between programs (federal and state only).
- Provided an increase of \$2 million (\$1 million General Fund) to fund a disease management project for individuals with HIV/AIDS but deleted \$1 million (\$500,000 General Fund) from the existing project due to delays in implementation.
- Approved 46 positions of the requested 55 positions to implement AB 1629, Statutes of 2004, regarding nursing home reimbursement. Adopted placeholder trailer bill legislation in lieu of the Administration’s in order to more narrowly limit the language regarding the use of the quality assurance fees for payment of the DHS’ expenditures.
- Approved 14.5 positions to increase the number of DHS staff conducting fingerprint investigations but rejected proposed trailer bill language since policy legislation is moving.
- Approved three positions in lieu of a requested six positions to improve the Treatment Authorization Request (TAR) process.

#### **4270 CALIFORNIA MEDICAL ASSISTANCE COMMISSION**

- Approved as proposed by the Administration.

#### **4280 MANAGED RISK MEDICAL INSURANCE BOARD**

- Provided a total of \$1.027 billion (\$371.1 million General Fund) for the Healthy Families Program to provide health, dental and vision coverage to 867,727 children (June 30, 2007).
- Provided an increase of \$9.6 million (\$3.4 million General Fund), including one position, to streamline the Healthy Families enrollment process and adopted trailer bill legislation to enact changes. These changes include *discontinuing* requiring applicants to: (1) submit a premium at the time of application and (2) make a plan selection at the time of application. Instead, applicants would pay their premium upon actual enrollment into the program and would have up to three months to choose a health care provider.
- Increased by \$1.1 million (\$400,000 General Fund) to increase the amount paid to “certified application assistants” for successful annual eligibility redeterminations from \$25 to \$50 per application.

- Modified the Administration's proposal regarding certified application assistants who use the Health-e-App web-based application by providing an additional \$10 per application (for a total of \$60) when submitting applications. The Administration had proposed a total of \$75 per application.
- Adopted trailer bill legislation that would eliminate the potential for Access for Infants and Mothers (AIM) linked infants to be enrolled in either the no cost Medi-Cal Program or private insurance, as well as in the Healthy Families Program.
- Adjusted, as proposed by the Administration, federal matching funds under the County Health Initiative Matching Fund Program funds to Alameda, Santa Clara, San Mateo, San Francisco, Santa Cruz and Tulare as approved by the federal CMS and as allowed for under AB 495, Statutes of 2001.
- Provided four new positions, in lieu of ten positions, to conduct a variety of contractor oversight functions and program integrity functions related to the operations of the Healthy Families Program.
- Approved as proposed \$432,000 (Mental Health Services Act Funds) and two positions to do an evaluation of the Healthy Families Program's mental health delivery system and to craft a strategy for monitoring outcomes from this evaluation.
- Fully funded the Access for Infants and Mothers (AIM) Program.

#### **4300 DEPARTMENT OF DEVELOPMENTAL SERVICES**

##### **Community-Based Services**

- Rejected the Governor's proposal to make extensive changes to contract language with the Regional Centers to reduce services and supports provided to consumers served by Regional Centers. An increase of \$10.9 million General Fund was needed to backfill for this elimination of proposed savings.
- Eliminated the \$7 million (General Fund) augmentation to the Regional Center's operations to implement the proposed additional cost containment measures.
- Augmented to provide an increase in the hourly rate paid for Supported Employment services in both individualized settings and group settings from \$27.62 to \$34.24 per hour (an increase of \$6.62 per hour). An increase from \$1,000 to \$2,000 is also provided for job placement.
- Adopted a three percent rate increase for most services, including Day Programs, In-Home and Out-of-Home Respite services, Behavior Management, Independent Living, Work Activity Programs, and Community Care Facilities, as contained in the January budget and as adjusted technically by the May Revision.
- Provided \$19.1 million (total funds) for the purpose of enhancing wages for direct care staff in Day Programs and Work Activity programs that meet specified criteria as contained in trailer bill language.

- Approved an increase of \$2.3 million (General Fund) to expand the Autistic Spectrum Disorder Initiative. These funds will be used to provide additional staff at the Regional Centers for these services and to implement “best practice” guidelines for screening, diagnosis, and assessment.
- Increased by \$3 million (General Fund) and adopted trailer bill legislation to provide resources for the focused development of new community-based programs. The Governor’s budget had continued a freeze on these funds for savings of \$6 million (General Fund).
- Provided an additional \$3.2 million (\$1.7 million General Fund) to Regional Center Operations to address concerns expressed by the federal Centers for Medicare and Medicaid (CMS) regarding California consistently meeting its 1-to-62 case manager to consumer ratio within the state’s Home and Community-Based Waiver. Also adopted Budget Bill Language to require the DDS to actively engage the Regional Centers on how to improve case management functions.
- Adopted several May Revision adjustments in order to capture increased federal funds. These actions included the following: (1) \$2.1 million (\$1.4 million General Fund) to add 42 Regional Center staff to re-negotiate transportation vendor contracts and to train these contractors on how to provide detailed billing for federal reimbursement purposes; (2) \$1.3 million (\$1 million General Fund) to provide for up to a one percent increase in the re-negotiated contracts with vendors to cover their increased workload for providing detailed billing data; (3) a shift of \$16.1 million from General Fund support to federal fund support; (4) \$193,000 (\$126,000 General Fund) to provide for two staff at DDS headquarters to oversee changes to the billing system and the administration of the program; and (5) adopted both Budget Bill Language and trailer bill language to implement the proposal.
- Approved an increase of \$7.7 million (General Fund) to facilitate the continued enrollment of RC consumers into the federal Medicare Part D Drug Program. Of this amount, \$4.8 million is to pay insurance premiums or to buy prescription medications not covered by Part D (whichever is most cost effective). The remaining \$2.9 million is to continue support for existing enrollees to access medications and to assist new consumers in signing up with new plans. Budget Bill language was also adopted to capture data related to drug expenditures.
- Reappropriated \$11.1 million (General Fund) to facilitate the initial development of community-based living options for the current residents of Agnews and extended the period to liquidate encumbrances to June 30, 2010.
- Reappropriated \$2 million (General Fund) as requested by the Administration and adopted extensive Budget Bill Language regarding the pending implementation of the California Developmental Disabilities Information System (CADDIS).
- Adopted as proposed by the Administration the following continued cost containment items: (1) extending the amount of time allowed for Regional Center’s to conduct assessment of new consumers from 60 days to 120 days following the initial intake; and (2) elimination of the SSI/SSP pass through to Community Care Facilities.
- Provided an additional \$500,000 (General Fund) for the Best Buddies Program.

### **Developmental Centers**

- Provided total expenditures of \$702.7 million (\$385 million General Fund) for the Developmental Centers as proposed by the Administration. This level of funding assumes a resident population of 2,828 people. This funding level includes various adjustments for worker's compensation, employee compensation, certain federally required quality management enhancements, and activities related to implementation of the federal Part D Drug Programs.
- Increased by \$1.2 million (General Fund) and 14 positions for the Porterville Developmental Center to staff a new, self-contained Intensive Behavioral Treatment Residence within the secured treatment area.
- Adopted the Administration's proposal to delay the closure of Agnews Developmental Center until June 30, 2008.
- Adopted an increase of \$1.4 million (\$832,000 General Fund) to fund positions at the DDS headquarters and at the Developmental Centers to continue with a restructuring of the Office of Protective Services in order to address safety and security issues identified by the State Attorney General's Office in a 2001 report.
- Approved all capital outlay projects for the Developmental Centers as requested.

## **4440 DEPARTMENT OF MENTAL HEALTH**

### **Community-Based Services**

- Increased by a total of \$118 million (General Fund) to reimburse County Mental Health plans for costs claimed for the 2004-05, 2005-06 and 2006-07 fiscal years for the Services to Handicapped Students (AB 3632) and Seriously Emotionally Disturbed Pupils (Chapter 654, Statutes of 1996). The \$118 million increase reflects funding of: (1) \$33 million for 2004-05 and \$33 million for 2005-06 to assist in paying state mandate claims, and (2) \$52 million for 2006-07 to provide for categorical funding. Counties will also be able to receive state mandate reimbursement for those claims beyond the available \$52 million for 2006-07. The reimbursement for these claims is still subject to audit by the State Controller. In addition, \$69 million (federal funds) is available under the State Department of Education for these services.
- Provided a total of \$19.3 million (Mental Health Services Fund) to the DMH to administer Proposition 63—the Mental Health Services Act (Act). This includes funding for contracts and positions at the DMH. Local assistance funding for the Mental Health Services Act is continuously appropriated and as such, does *not* flow through the annual Budget Act.
- Increased by \$534,000 (Mental Health Services Fund) to support the activities of the Oversight and Accountability Commission.
- Adopted trailer bill legislation that requires the DMH to revise their existing audit methods, specifically use of extrapolation, in their review of the EPSDT Program.

- Provided \$1.2 million (Mental Health Services Fund) for the Governor's initiative on Chronic Homelessness. Specifically, these funds will be used to (1) hire three staff, and (2) hire consultants to do a variety of functions related to housing assistance. All local assistance for this project—about \$75 million—is continuously appropriated and does not flow through the annual Budget Act.
- Approved all technical adjustments for the baseline Mental Health Managed Care Program as proposed by the DMH.
- Increased by \$3.3 million (General Fund) (one-time only) to comply with the requirements of the Conlan Court Order (*Conlan v. Shewry*).
- Concurred with the Administration on needed technical adjustments to the supplemental mental health services provided to children enrolled in the Healthy Families Program.
- Increased by \$456,000 (General Fund) for the Forensic Conditional Release Program to reflect an increase in the number of patients being discharged from the State Hospitals that are expected to be in the Conditional Release Program in 2006-07.
- Adopted the proposed adjustments to the San Mateo Field Test Model as proposed by the DMH.

### State Hospitals

- Concurred with the Administration to provide a total of \$884.9 million (\$771.8 million General Fund) for the support of the State Hospitals. The population of the State Hospitals is now 87 percent Penal Code-related. A total of 5,805 patients (as of June 30, 2007) are estimated to be receiving services at the State Hospitals.
- Enacted several changes related to the *Coleman* court order for the provision of mental health services for incarcerated individuals serving their sentence in state prisons. The DMH contracts with the CA Department of Corrections and Rehabilitation (CDCR) to provide assistance with this population. These actions include: (1) an increase of \$5.7 million (General Fund) and 68 positions to activate 36 Intermediate Care Facility (ICF) beds at Salinas Valley State Prison; (2) an augmentation of \$1.8 million (General Fund) and 19 positions to convert 60 day treatment beds to 36 ICF beds at Vacaville Psychiatric Program; and (3) an increase of \$432,000 (General Fund) to reflect the establishment of a new psychiatrist series classification at Vacaville and Salinas Valley Psychiatric Programs.
- Provided an increase of \$1.8 million and 24 positions for a change in the staffing needs identified in the Sexually Violent Predator Treatment Restructure Program at Coalinga State Hospital. This increase concurs with the Administration's experience in activating residential housing units at Coalinga State Hospital and the need for Level-of-Care staffing.
- Increased by \$341,000 (General Fund) to the Office of Patient Rights within the DMH for the contract that provides patient's rights advocacy services. Due to grave concerns expressed by the federal Department of Justice Civil Rights Division regarding these hospitals, this adjustment serves as a mitigation measure to avoid further federal concerns.

- Augmented by \$9.7 million (General Fund) and decreased by \$7.2 million (Reimbursements) to reflect the permanent shift of General Fund support from the DHS to the DMH for patient generated revenue and eligibility unit contracts at Metropolitan State Hospital and Napa State Hospital.
- Transferred \$3.6 million (General Fund) from the CDCR to the DMH for mental health services provided to juvenile wards receiving treatment at Metropolitan State Hospital.

## HUMAN SERVICES

### **4140 OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT**

- Approved 16.0 new positions and \$1.3 million Hospital Building Fund to improve the efficiency of the hospital facility seismic safety review functions performed by the department.

### **4170 DEPARTMENT OF AGING**

- Increased funding for the Multipurpose Senior Services Program (MSSP) by \$6 million (\$3 million GF). In addition, to align MSSP program management and funding, consolidated all funding for MSSP in the Department of Aging (shifted existing MSSP funding from the Department of Health Services to the Department of Aging).
- Approved \$566,000 (\$174,000 GF) and 4.0 positions to establish post-payment reviews for Adult Day Health Care centers.

### **4180 COMMISSION ON AGING**

- Approved as budgeted.

### **4200 DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS**

- Maintained \$120 million GF for the Substance Abuse and Crime Prevention Act (Proposition 36), as proposed in the Governor's Budget. Adopted trailer bill language (SB 1137) to increase court oversight and provide judges with increased discretion to improve treatment compliance, including limited sentences of incarceration in county jails. The trailer bill language also allows courts to extend drug treatment for an additional 12 months, and exclude offenders from Prop. 36 if they have five or more prior convictions.
- Adopted \$25 million GF in additional funding for Proposition 36 offender treatment, to be allocated by the Department to counties in a manner that promotes the most effective outcomes. Adopted trailer bill language (AB 1808) to establish the Substance Abuse Offender Treatment Program, which authorizes this allocation methodology.
- Increased funding for Adult Drug Courts by \$4 million GF. The LAO estimates an increase of \$4 million in 2006-07 and \$8.9 million in 2007-08 and annually thereafter would result in net savings of \$179,000 in 2007-08 and \$7.9 million in 2008-09, due to reduced prison costs.
- Adopted \$10 million GF to develop and implement a methamphetamine prevention campaign using media, community involvement, and public relations to reach targeted high risk audiences.
- Approved \$5.3 million (\$2.7 million GF) and 4.0 two-year limited term positions to comply with the *Conlan v. Bontá* and *Conlan v. Shewry* lawsuits.



- Adopted \$4.6 million (\$2.3 million GF) to fully restore Drug Medi-Cal rates to the 2003-04 levels. These rates were reduced in the 2004-05 Budget, and partially restored in the 2005-06 Budget. The Governor vetoed the \$4.6 million adopted by the Legislature for 2006-07 to fully restore the rates to 2003-04 levels.
- Approved \$782,000 (\$578,000 GF) and 6.5 positions to improve the licensing and certification of alcohol and drug treatment programs in the state. Approved trailer bill language to require biennial reviews of outpatient-only facilities. Rejected 1.0 position and trailer bill language proposed by the administration which would have expanded the ability of the department to revoke or suspend licenses.
- Approved \$286,000 (\$143,000 GF) and 3.0 positions to establish a Drug Medi-Cal fraud deterrence program.

#### **4700 DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT**

- Increased funding for the Naturalization Services Program by \$1.5 million GF, to provide total funding of \$3 million GF for this program.

#### **5160 DEPARTMENT OF REHABILITATION**

- Increased funding by \$7.0 million (\$5.6 million GF) for the Supported Employment Program to reflect a 24 percent increase in the job coaching hourly reimbursement rate, and an increase in the job placement fee from \$1,000 to \$2,000.

#### **5170 STATE INDEPENDENT LIVING COUNCIL**

- Approved as budgeted.

#### **5175 DEPARTMENT OF CHILD SUPPORT SERVICES**

- Approved \$274 million (\$94 million GF) for the continued development of the California Child Support Automation System (CCSAS). In addition to the Child Support Enforcement (CSE) and the State Disbursement Unit (SDU) components, funding and positions would also be provided in 2006-07 for a statewide Customer Service Support Center and a Centralized Financial Management Team to respond to telephone inquiries and resolve exceptions for non-assistance child support cases that will be added to the SDU as it becomes operational.
- Approved \$220 million GF for payment of the federal fiscal year (FFY) 2006 alternative federal penalty in 2006-07. Since 1997, California has been subject to substantial federal penalties due to the state's failure to establish a single statewide system for the collection of child support. The Department indicates that this penalty payment in 2006-07 is anticipated to be the last penalty payment required, as CCSAS is anticipated to be sufficiently operational by October 2006 to avoid further penalty assessments.
- Approved \$28.5 million (\$25.5 million GF) to resolve an issue with creation of arrears (outstanding child support obligations) due to a payment processing change implemented by the state in the development of CCSAS.

- Adopted \$12 million (\$4 million GF) for local child support agencies to implement a performance-based allocation methodology.
- Approved \$608,000 (\$207,000 GF) to maintain 7.5 of 9.0 expiring limited-term positions for the Compromise of Arrears Program (COAP). This program accepts reduced lump sum settlements from non-custodial parents with arrearages in exchange for their commitment to make ongoing payments.

## **5180 DEPARTMENT OF SOCIAL SERVICES**

### **CalWORKs and Food Programs**

- Adopted a series of initiatives and reforms to address changes to CalWORKs required by the federal Deficit Reduction Act of 2005, including reinvestment of \$100 million in federal Temporary Assistance for Needy Families (TANF) funds back into CalWORKs to improve work participation rates and family outcomes. This action also includes reprioritization of \$160 million in existing CalWORKs funds to get more families engaged faster, prevent sanctions, and increase the state's investment in education, training, and child care:
  - **CalWORKs Improvement Funding:** Redirected \$90 million for local efforts to improve work participation, meet federal requirements, and avoid significant federal penalties. Local activities might include new or improved engagement strategies, employment and training collaborative programs, and efforts to prevent and cure CalWORKs sanctions.
  - **CalWORKs in Community Colleges:** Redirected \$9 million to fund work-study employment for CalWORKs clients attending Community Colleges.
  - **CalWORKs Homelessness Prevention and Engagement:** Redirected \$5 million for CalWORKs Homelessness prevention and support to prevent housing instability as a barrier to participation.
  - **CalWORKs Pay for Performance:** Approved \$40 million annually (beginning in 2007-08), as proposed in the May Revision, for the Pay for Performance program.
  - **Increase Accountability:** Adopted trailer bill language to strengthen the 50 percent county share of federal penalties by requiring counties to backfill their share of the penalties. Adopted language to establish a new local planning requirement to tie activities to outcome improvements, and to require quarterly publication of county outcome data. Adopted language to establish a CalWORKs Peer Review program, to share best practices and improve state and county program knowledge.
  - **Restore Basic CalWORKs Program to 2004-05 Level:** Restored \$140 million for county CalWORKs programs to bring funding back to the actual 2004-05 spending level.
  - **Improve CalWORKs Data and Reporting:** Approved \$4 million proposed in the May Revision to develop and use all data sources for data improvement research, analysis, and reporting to understand caseload components, trends, and dynamics.

- **Recognize CalWORKs Grant Savings:** Adopted \$17.2 million in grant savings due to additional participation and client earnings, due to the reforms and funding noted above. Additional savings is expected in 2007-08.
  - **Plan for TANF Regulations:** Maintained \$15 million TANF reserve for automation and implementation activities related to recent federal regulatory changes.
  - **Employment Training Fund:** Shifted \$13 million Employment Training Fund back to the Employment Training Panel. Maintain \$20 million Employment Training Fund for CalWORKs employment services.
  - **Realign Foster Care and Child Welfare Services Funding:** Funded \$100 million Foster Care and Child Welfare with General Fund, rather than TANF.
  - **Shift Exempt Cases:** Beginning April 1, 2007, will fund CalWORKs exempt cases with non-MOE General Fund. Use other countable expenditures to meet the MOE requirement. (No net General Fund cost or TANF/MOE impact.)
- Rejected the Governor's Budget proposal to reduce current year funding for CalWORKs child care by \$114 million TANF/MOE.
  - Adopted \$24 million TANF/MOE savings for an LAO-identified CalWORKs caseload adjustment.
  - Approved the May Revision increase of \$15.6 million TANF to reflect a reduction in savings associated with the 2004-05, SB 1104 welfare reform efforts. Adopted an additional \$5 million TANF to reflect a more conservative savings estimate of SB1104 welfare reform efforts. The Governor vetoed the \$5 million in additional TANF adopted by the Legislature.
  - Increased funding by \$600,000 TANF/MOE for substance abuse treatment services provided by Indian Health Clinics. The Governor vetoed this funding.
  - Approved a May Revision increase of \$44.2 million TANF to reflect a reduction in the CalWORKs eligibility determination savings assumed to result from Quarterly Reporting/Prospective Budgeting (QR/PB). This increase is in addition to a \$25 million placeholder included for this purpose in the Governor's Budget.
  - Increased funding by \$9.6 million (\$3.4 million GF) to reflect a reduction in the Food Stamp eligibility determination savings assumed to result from QR/PB.
  - Adopted \$1 million GF for the Farm to Family and the Donate Don't Dump programs. This funding would be used to help both programs and would "semi-integrate" the programs through shared transportation, handling, storage, and distribution resources. The Governor vetoed this funding.
  - Rejected the Governor's Budget proposal to statutorily freeze county funding to operate health and human services programs, and instead adopted trailer bill language to reestablish a methodology to survey actual costs, and require future budget documents to document the degree to which those costs are reflected in the budget.

## Children and Youth Services

- Increased funding for Foster Care and Child Welfare by \$75 million GF above the May Revision:
  - Increased funding by \$80 million (\$50 million GF) to improve child welfare and foster care outcomes. Funds may be used for local priorities, including hiring additional child welfare social workers to increase contact with children, services such as mental health or substance abuse treatment, prevention and early intervention services, or other investments to better serve children and families.
  - Increased funding for the Transitional Housing Placement Program (THPP) by \$4 million GF and adopted trailer bill language to eliminate the county share of cost for the program.
  - Increased funding for Dependency Drug Courts by \$3 million GF above the May Revision level of \$2.1 million GF, to expand Dependency Drug Courts to additional counties.
  - Increased funding by \$8 million GF to establish the KinGAP Plus program, which will provide a specialized care increment and clothing allowance that is currently only available in the Foster Care program. Extended eligibility for KinGAP Plus to certain probation youth who have been living with a relative for at least 12 months.
  - Increased funding by \$4 million GF above the \$6.3 million GF in the Governor's Budget for efforts to help with the adoption of hard to place foster children.
  - Increased funding by \$5.7 million GF to fund additional financial aid for foster youth attending two-year or four-year colleges under the Chafee Scholarship program.
  - Adopted Budget Bill Language to designate priorities for anticipated federal funds through the Promoting Safe and Stable Families Program. The priorities are the Independent Living Program, Kinship Support Services, and Dependency Drug Courts.
- Approved \$19.6 million (\$11.9 million GF) in the May Revision for the Child Welfare Program Improvement Plan (PIP) but redirected all but \$1 million GF to the CWS Outcome Improvement Project (AB 636 outcome system). Maintained \$1 million in the PIP initiatives to expand the standardized safety assessment statewide.
- Approved \$25.5 million (\$10 million GF) in the May Revision for first year costs for counties that formally commit to participate in 2006-07 in the state's new Title IV-E Child Welfare Waiver Demonstration Project. This waiver proposal will test a "capped allocation" strategy that will block grant federal Title IV-E foster care funds for up to 20 participating counties. Also adopted language to allow these funds to be used for the CWS Outcome Improvement Project.
- Approved an increase of \$16.9 million (\$6 million GF) in the May Revision for additional county social worker training stipulated under the statewide standardized core curriculum for all county child welfare workers.

- Approved \$12.2 million (\$7.1 million GF) in the Governor's Budget to hire additional state and county adoptions caseworkers.
- Approved \$2.5 million GF in the Governor's Budget to expand Kinship Support Services and allow all counties to apply for Kinship program funding.
- Approved \$23 million (\$10 million GF) in the Governor's Budget for the Foster Care Child Relationships Program, to help ensure that older foster youth develop significant and supportive relationships prior to their emancipation.

### **Supplemental Security Income/State Supplementary Payment**

- Rejected the Governor's Budget proposal to delay the 2007 federal Supplemental Security Income/State Supplementary Payment (SSI/SSP) cost-of-living adjustment (COLA) an additional fifteen months, from April 2007 to July 2008, and restored \$43.8 million GF.
- Adopted \$42.3 million GF to restore the federal SSI COLA to January 2007. The 2005-06 Budget shifted the SSI COLA to April 2007.
- Rejected the Governor's proposal to extend the Cash Assistance Program for Immigrants (CAPI) sponsor deeming period from 10 to 15 years, and restored \$12.5 million GF.
- Approved savings of \$20.9 million GF in SSI/SSP to reflect quarterly retroactive benefit payments and more frequent eligibility redeterminations, as required by the federal Deficit Reduction Act of 2005. Most of this savings will be one-time.

### **In-Home Supportive Services**

- Approved \$41.2 million GF to apply Medi-Cal share of cost rules to IHSS consumers. Due to the federal IHSS Plus waiver, IHSS consumers must meet Medi-Cal eligibility guidelines, which in some cases results in a higher share of cost to be funded by the state.
- Approved \$434.5 million (\$141.2 million GF) savings to reflect the IHSS Quality Assurance efforts to improve the consistency of IHSS, prevent fraud, and protect consumer access to services. Also adopted budget bill language to require the department to continue working with stakeholders during the ongoing implementation of Quality Assurance efforts.
- Redirected \$512,000 (\$256,000 GF) to fund programming changes to implement direct deposit functionality for IHSS providers.

### **Community Care Licensing**

- Adopted trailer bill language to clarify that the department shall conduct unannounced visits to at least 20 percent of facilities per year.
- Approved \$6.7 million (\$6 million GF) and 80 new positions proposed by the Governor for Community Care Licensing (CCL) to complete required licensing workload and increase visits to facilities. The most significant components include the following:

- 38 permanent positions to increase the number of random visits from 10 percent of facilities to 20 percent each year.
- 29 two and a half-year limited-term positions and \$110,000 for overtime to eliminate the significant backlog in licensing visits.
- 1 one-year limited-term personnel position to assist with hiring the requested licensing positions.
- 5 permanent positions to operate a training academy for new licensing staff.
- 2.5 permanent positions to share the DSS database of excluded or abusive employees with other HHS departments.
- 4.5 permanent positions to handle information regarding convictions after arrest provided by the Department of Justice.
- Adopted 3.0 positions and \$366,000 GF to begin providing CCL facility compliance information on the internet. The Governor vetoed this funding.

### **Automation Projects**

- Approved \$25.6 million (\$13.7 million GF) for development, support and implementation of an automation system for the IHSS program, known as Case Management Information and Payrolling System (CMIPS) II.
- Approved \$129.4 million (\$49.0 million GF) for implementation and maintenance of the Statewide Automated Welfare System (SAWS) CalWIN system. This amount includes \$11.4 million (\$4.7 million GF) for replacement of outdated and failing workstations and help desk support. The Governor vetoed the funding for workstations replacement and help desk support.
- Approved \$101.0 million (\$50.3 million GF) for the Child Welfare Services/Case Management System (CWS/CMS). This amount includes \$2.7 million (\$2.4 million GF) for procurement activities associated with the New System to replace CWS/CMS, and \$5.4 million (\$2.7 million GF) for replacement of outdated workstations. The Governor vetoed the funding for workstation replacement.

# LABOR

## **0559 LABOR AND WORKFORCE DEVELOPMENT AGENCY**

- Augmented the Agency's budget by \$85,000 (special fund) to reflect the higher revenue received by the Agency to carry out the purposes of AB 276 (Chapter 329, Statutes of 2003, Koretz) and SB 1809 (Chapter 221, Statutes of 2004, Dunn). Both of these bills direct specified revenue to employer and employee labor-law education.

## **7100 EMPLOYMENT DEVELOPMENT DEPARTMENT**

- Approved Finance Letter adjustments to state operations and benefit payments, to reflect the May 2006 forecast of claims for the Unemployment Insurance Program, the Disability Insurance Program, and the School Employees Fund Program.
- Shifted \$12.9 million in Employment Training Funds budgeted in the Department of Social Services to the Employment Training Panel.
- Approved budget requests to appropriate \$6.7 million in the Employment Development Department Contingency Fund to backfill for reduced federal funds in the areas of reemployment services for unemployment insurance claimants, the Veterans' Program, and the unemployment insurance identification alert process. The funding includes a technical legislative reduction of \$210,000.
- Approved budget-year funding of \$2.9 million (\$2.5 million GF) to begin implementation of the Automated Collection Enhancement System information technology project, which has a multiyear cost of approximately \$93 million. When implemented, this system is expected to increase annual revenue collection by about \$70 million, by enhancing the collection of penalties and back-wages.
- Approved budget-year funding of \$1.8 million (special fund) to implement the Disability Insurance Automation information technology project, which has a multiyear cost of approximately \$28.9 million. When implemented, this system will provide greater access to services for claimants, medical providers, and employers.
- Rejected the request for \$4.5 million GF to establish six clinical simulation laboratories to provide clinical training to nursing students. Funding was provided for three simulation laboratories in 2005-06, and the Administration has not, to date, awarded the grants.
- Added one-time funding of \$5.7 million GF to continue a health care work force development program in Los Angeles County pursuant to a federal Medicaid 115 waiver.

Budget Bill Language

1. Added language to require notification to the Legislature if the federal government reduces Workforce Investment Act funds and the Director of Finance reduces related appropriations.
2. Added language to require that the Department continue to use Workforce Investment Act Rapid Response funds to backfill funding for counties that were adversely impacted by the exclusion of mass layoff data for agriculture, fishing, hunting, forestry, and government in the Workforce Investment Act Dislocated Worker allocation formula. The Governor vetoed this language.

**7350 DEPARTMENT OF INDUSTRIAL RELATIONS**

- Added funding of \$1.5 million GF and 16 positions for California Occupational Safety and Health Administration (CalOSHA) enforcement. The Governor vetoed this augmentation.
- Added funding of \$1.5 million GF and 15 positions for wage enforcement staffing. Added budget bill language to direct expenditure to reduce wage claim hearing backlogs and to increase field enforcement in construction, agriculture, garment manufacturing, janitorial, and restaurant employment. The Governor sustained the augmentation but vetoed the budget bill language.
- Increased the Garment Manufacturers' Special Account appropriation by \$300,000 – to \$500,000, to recognize the higher-level of claims that have recently been submitted.

Trailer Bill Language

1. Modified the Administration's proposed language to require a 60-day wait on filing initial liens on Workers' Compensation claims to ensure that the wait period does not reduce the ability of applicants to recover payments.
2. Amended language to change the amount of the farm labor contractor fee that goes to the Farmworker Remedial Account from \$50 to \$150, without changing the overall fee level. The additional revenue in the Farmworker Remedial Account is expected to be sufficient to pay all valid farmworker wage claims.



## VETERANS AFFAIRS

### **8955-8966 DEPARTMENT OF VETERANS AFFAIRS AND VETERANS HOMES OF CALIFORNIA**

- Adopted budget bill language requiring the Department of Veterans Affairs to work with the Department of Finance to amend its internal fiscal controls and report to the Legislature on related findings and solutions.

#### Budget Bill Language

*The Department of Veterans Affairs shall, in consultation with the Department of Finance, provide a report to the Legislature by January 10, 2007, on the status of its efforts to identify and correct deficiencies in fiscal controls as well as inconsistencies in budget documents. The report shall include a summary of its findings and steps taken to ensure that appropriate processes are in place to produce accurate budget documents that support effective fiscal oversight.*

- Approved the establishment of a contract with private information technology consultants for \$421,000 GF to prepare a feasibility study report for replacing the Veterans Home Information System. This system, now approaching the end of its service life, serves as the secure network to exchange data between veterans' homes.
- Appropriated \$500,000 GF to fund an infrastructure study for the Yountville Veterans Home. This study would assess and prioritize material deficiencies in the 105 year-old facility.
- Appropriated \$8.3 million GF to renovate the recreation building at the Yountville Veterans Home. This project will include measures to improve functionality of the existing facilities, abate hazardous materials, and conform to seismic and fire codes.
- Rejected the Governor's Budget proposal for \$1.7 million GF and 27.8 positions for the costs of exempting nurses and other 24-hour care staff at the Veterans Homes from the salary savings requirement. The Subcommittee instead appropriated \$1.2 million for the identifiable overtime and temporary help funding shortfall.
- Approved \$1 million GF and 11 positions for a new program to establish a baseline behavior wellness program at each Veterans Home. This program will treat veterans with post traumatic stress disorder, among other psychiatric problems.
- Adopted a Governor's Budget proposal for one position and \$250,000 to establish outreach programs to California veterans to ensure they are aware of their eligibility for federal and state benefits.

- Augmented the Governor's Budget by \$50,000 and directed the Department of Veterans Affairs to provide federal benefits eligibility training and outreach materials to volunteer-based Veterans Service Organizations. Budget bill language describes the augmentation:

Budget Bill Language

*Of the funds appropriated in this item, \$50,000 shall be used to provide federal benefits eligibility training and outreach materials to veterans' service organizations.*

- Adopted trailer bill language to require the Department of Veterans Affairs to consult with the Legislature, veteran's service organizations, and the Department of Finance to prepare and submit a report to the Legislature outlining strategies for increasing the number of California veterans receiving federal benefits.

Trailer Bill Language

*SEC. 44. By February 1, 2007, the Department of Veterans Affairs shall submit a report to the fiscal committees of both houses of the Legislature regarding possible strategies for increasing the number of California veterans receiving federal benefits. The department shall consult with county veterans' service officers, veterans' service organizations, the Department of Finance, the Legislative Analyst's office, and legislative staff to develop the report required by this section. The department shall consider the impact of demographics, county of residence, and service records on the attainment of these benefits. The report shall also include an analysis of best practices from other states.*

- Augmented the Governor's Budget proposal to add \$132,000 GF to the annual food budget at the Yountville Veterans Home, by adding an additional \$759,000 GF. This level of increase will bring the average daily food allowance to a level consistent with the Barstow and Chula Vista Veterans Homes.
- Augmented the Governor's Budget proposal by \$115,000 GF to restore funding for a nonprescription drug benefit at the Yountville Veterans Home. Related budget bill language was also added:

Budget Bill Language

*Of the amount appropriated in Schedule (1), up to \$115,000 shall be used to restore the Yountville Veterans' Home's no-cost nonprescription drug benefit to the level provided in the 2004-05 fiscal year. It is the intent of the Legislature that this benefit shall be consistent with that provided at the Chula Vista and Barstow Veterans' Homes.*

- Reduced the \$1.3 million Governor's Budget request for restoration of 20 Intermediate Care Facility beds at the Barstow Veterans Home by \$53,000 to recognize salary savings and operating expense savings.
- Amended the Governor's Budget proposal for \$3.8 million (\$3.4 million GF) and 75.7 positions to operate the new Yountville Alzheimer's/Dementia Unit by restoring a five percent salary savings rate, a savings of \$96,000 GF.

Adopted budget bill language requiring the Department of Veterans Affairs to report on the need for 25 position equivalents related to the realignment of Farm and Home Program funding to GF funding.

Budget Bill Language

*Of the funds appropriated in this item, \$2,117,000 is for the realignment of 25 positions from the Farm and Home Program to other programs supported by Schedule (4). No later than January 10, 2007, the Department of Veterans Affairs shall submit to the Department of Finance and the Joint Legislative Budget Committee a workload justification and budget change proposal to support the ongoing need for these 25 positions and funding.*